
Health Care & Wellness Committee

ESSB 6538

Brief Description: Defining small groups for insurance purposes.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser and Pflug).

<p>Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Changes the small group market from two-to-50 employees, to one-to-50 employees.

Hearing Date: 2/19/10

Staff: Dave Knutson (786-7146).

Background:

Prior to 2004 the small group health insurance market included businesses with one-to-50 employees. In 2004 a number of changes were made to the small group insurance statutes, including changing the small group size from one-to-50 employees, to businesses with two-to-50 employees. Licensed insurance products available to small groups are subject to a number of laws, including minimum benefit requirements, and rating and pooling requirements. Groups of one who purchased health insurance coverage in the small group market prior to June 10, 2004, were grandfathered into the small group. Small group policies are guaranteed issue, which means they are available to every person in the small group without any health screening. Individuals purchasing health insurance through the individual market are required to complete the standard health questionnaire, unless they are transitioning from other qualified coverage.

Summary of Bill:

Effective January 1, 2011, the definition of small employer or small group for insurance purposes is changed to a group that has between one-and-50 employees. Provisions grandfathering the sole proprietors or self-employed that had small coverage prior to June 2004 are removed. Individuals who are self-employed and sole proprietors must show they have been

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employed by the same small employer for at least 12 months prior to application for small group coverage, and verify that they derived at least 75 percent of their income from a trade or business and filed the appropriate Internal Revenue Service (IRS) form 1040 for the previous taxable year. A self-employed person or sole proprietor in an agricultural trade or business must have derived at least 51 percent of income from the business and filed the appropriate IRS form for the previous taxable year.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.